

**OVERSIGHT BOARD
 FOR THE SOUTH TAHOE REDEVELOPMENT SUCCESSOR AGENCY
 SPECIAL MEETING MINUTES
 Friday, November 14, 2014, 2:00 p.m.
 City Council Chambers
 1901 Airport Rd.
 South Lake Tahoe, California 96150**

NOTE: The Minutes represent the brief summary/actions of items taken at the November 14, 2014, meeting. Complete Board member discussion on agenda items are kept on audio tape per the City's record retention policy and detail on agenda items can be reviewed in the staff reports contained in the agenda packet which is kept on file in the City Clerk's department as permanent record or on the City's website at <http://www.cityofslt.us>

CALL TO ORDER/PLEDGE OF ALLEGIANCE TO THE FLAG:

At 2:00 p.m., Chair Cole called the meeting to order.

ROLL CALL:

Present at the meeting site were Chair Cole, Board Members Kerry, Murillo and Vogelgesang. Board Members Mikulaco and Baugh participated via teleconference at 4359 Town Center Blvd., Ste. 106, El Dorado Hills, CA. Absent was Board Member Meyers. Also present were City Attorney Watson, Assistant City Clerk Palazzo, Administrative Services Director Carlson and Financial Services Manager McIntyre

Chair Cole led the pledge of allegiance to the flag.

PUBLIC COMMUNICATIONS: None

ADOPTION OF THE REGULAR AND CONSENT AGENDA:

CONSENT AGENDA:

Item:

- 1. Minutes:
September 12, 2014 Special Oversight Board Minutes

IT WAS MOVED BY BOARD MEMBER KERRY AND SECONDED BY BOARD MEMBER MURILLO TO APPROVE THE MINUTES AS SUBMITTED

A roll call vote was taken as follows:

AYES:	COLE, KERRY, MURILLO & VOGELGESANG
AYES (Teleconference):	BAUGH & MIKULACO
ABSENT:	MEYERS

NEW BUSINESS:

- a) Resolution of the Board of Directors of the Oversight Board to the South Tahoe Redevelopment Successor Agency Approving the Use of Alternate Sources of Funds for ROPS 14-15A Enforceable Obligations and Directing Certain Related Actions

NEW BUSINESS (a): Continued

Financial Services Manager McIntyre stated the Oversight Board was required by the Department of Finance (DOF) to meet if there was a shortfall in the Redevelopment Property Tax Trust Fund (RPTTF) to approve alternate uses of funding in order to meet the debt obligations. McIntyre stated the RPTTF was short and the agency used the sale of property and Transient Occupancy Tax (TOT) funds to make the debt service. McIntyre noted the debt service had been made October 1st and the Agency was required to let the DOF know how payment was made. McIntyre also noted the City transferred \$500,000 back to the agency after receiving a letter from the State Controller's Office as stated in the staff report.

McIntyre noted the ROPS would need to be approved twice and possibly twice to approve an alternative use of funds if there was a shortfall in the RPTTF.

Kerry provided a brief history of how the agency had made the debt obligations and noted that this was what they had been doing all the time the agency had the bonds. Kerry stated the bonds required use of property tax and if there was a shortfall on the bonds the TOT became a secondary funding source to the bonds if there were no other funds. Kerry stated in this case, since the agency sold the property, this particular debt service had available the property tax, the sale of the property at the South West Corner, the \$500,000 the State Controller Office said they paid too soon and the remaining shortfall came from TOT collected by the city from the redevelopment area properties. Kerry noted that TOT could only be used to pay shortfall to the bonds.

Mikulaco asked what percentage of TOT the city collected was reflected by the area under the redevelopment area.

Kerry stated the city had two types of TOT it collected. The total city TOT not pledged to the bonds was approximately \$2M every 6 months.

McIntyre clarified it was \$3M.

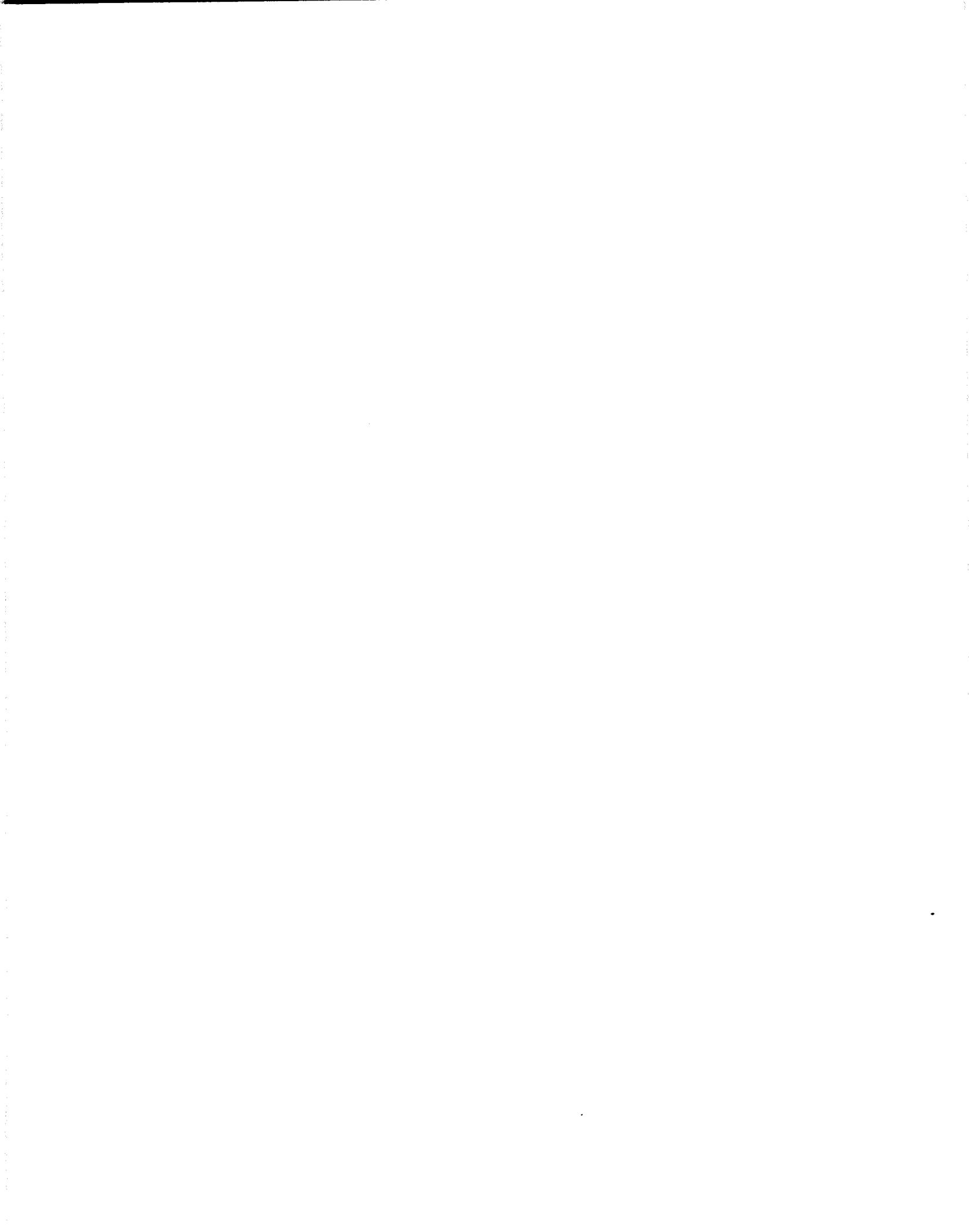
Kerry stated in the redevelopment area it was approximately \$2M each period or \$4M in total. Kerry further stated the total amount was not pledged to the bonds; only the amount in which there was a shortfall. In this case \$500,000 out of approximately \$2M was being used to cover the shortfall.

Mikulaco asked if it was \$2M annually or biannually.

Kerry stated it was biannual.

Baugh asked if the resolution restricted the amount of TOT that would be available to the bond holders.

McIntyre stated that TOT was not available to the bond holders and this was just the TOT needed to make the bond debt.



NEW BUSINESS (a): Continued

Baugh stated there was a portion of TOT that was on standby in case the property taxes did not cover the debt. Baugh restated his question asking if the resolution further restricted that amount of TOT other than what was already restricted.

Kerry stated “no”; the bonds were the binding document. She clarified of the amount that was needed this time, all the bond holders were entitled to was the shortfall.

Baugh thanked Kerry for answering his question.

Cole commented his understanding was that every 6 months the shortfall would be determined and a resolution would need approval to authorize that amount.

Kerry stated “if there was a shortfall.”

Cole stated the original intention was that tax increment would cover the debt service, but a few things happened in the past few years that set everybody back a few steps. Cole commented that the hope was in a few years the tax increment would be paying the debt entirely and in the short term this was how the shortfall would be made.

Baugh asked how the premium expected from the refinancing bonds would fit in the definition of alternative funds.

Kerry stated the refunding of a portion of the bonds doesn't change the process at all.

Baugh stated he expected there to be a net cash flow from the refinancing of the bonds and expected the interest rates on the bonds would be higher than what the market would demand which would create a premium. Baugh restated his question if the windfall in the premium would be used in alternative source of funds for debt repayment.

Cole stated there was no cash out in the refinancing.

Baugh stated after speaking with the bond counsel at the last meeting or the meeting before, he was assured there would be no discount. Bond counsel implied he would price the bonds rich enough on the interest rate so that he was assured of getting a premium and that would result in getting more funds from the refinancing than there was debt to be refinanced which would result in a cash surplus. Baugh restated his question, assuming there was a cash surplus, how would that fit into the calculation of alternative use of funds.

Kerry stated the market was in a small decline and didn't expect there to be a premium in the way Baugh described other than the amount that would cover the cost of issuance and insurance. Kerry further stated there may be a small amount which would be applied to debt service, if there was any. She commented they expected to post the Point of Sale (POS) today and sell on Thursday unless there was some unforeseen delay. Kerry stated they would have a better answer once they had seen all the documents and knew the sale price. She noted a concern about the sale price today.

Baugh thanked Kerry.



NEW BUSINESS (a): Continued

Cole asked if anyone had any further questions.

Mikulaco stated the agency had to dip into the city TOT to cover the shortfall and asked if they anticipated it happening again or was it a one-time event.

Kerry stated she did anticipate it happening; however, they hoped property values would increase and noted the agency had been using the city TOT for the last ten years now and property values had been growing since the recession. Kerry stated she anticipated as a result of the refinancing to have a better debt service by approximately \$2.5M over the next three years.

Cole asked if there were any further questions.

IT WAS MOVED BY BOARD MEMBER MURILLO AND SECONDED BY BOARD MEMBER VOGELGESANG TO ADOPT OVERSIGHT BOARD RESOLUTION NO. 2014-9 APPROVING THE USE OF ALTERNATE SOURCES OF FUNDS FOR ROPS 14-15A ENFORCEABLE OBLIGATIONS AND DIRECTING CERTAIN RELATED ACTIONS

A roll call vote was taken as follows:

AYES:	COLE, KERRY, MURILLO & VOGELGESANG
AYES (Teleconference):	BAUGH & MIKULACO
ABSENT:	MEYERS

NEW BUSINESS:

b) RESOLUTION OF THE OVERSIGHT BOARD OF THE SOUTH TAHOE REDEVELOPMENT SUCCESSOR AGENCY SETTING FORTH A REGULAR OVERSIGHT BOARD MEETING SCHEDULE FOR YEAR 2015

Kerry explained the reason for the dates was because the March and September meeting would be to approve the ROPS for that period and the June and January dates were if there was a shortfall to approve a similar resolution to inform the DOF of how funds would be spent.

Cole stated he assumed the dates could be met.

Kerry explained they would only need the June and January meeting if there was a shortfall and more likely the June meeting would be needed because it was full payment and January meeting was interest only. Kerry noted meetings would be approximately 10 days after they had the RPTTF distribution amounts.

Murillo asked if January 22nd date was 2015 or 2016.

Kerry stated it should read 2016.

Cole stated the board would need to meet as close to June 19th as possible.



NEW BUSINESS (b): Continued

IT WAS MOVED BY BOARD MEMBER MURILLO AND SECONDED BY BOARD MEMBER KERRY TO ADOPT OVERSIGHT BOARD RESOLUTION NO. 2014-10 APPROVING A REGULAR MEETING SCHEDULE FOR YEAR 2015

A roll call vote was taken as follows:

AYES:	COLE, KERRY, MURILLO & VOGELGESANG
AYES (Teleconference):	BAUGH & MIKULACO
ABSENT:	MEYERS

OVERSIGHT BOARD MEMBER ANNOUNCEMENTS/COMMENTS:

Mikulaco stated he would like everyone to have a great weekend and hoped for some snow.

Cole thanked Mikulaco.

ADJOURNMENT:

Chair Cole adjourned the meeting at 2:18 p.m.

Respectfully Submitted by:



Ellen Palazzo
Assistant Board Clerk



Hal Cole, Chair

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